

Message Text

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ORIGIN EB-08

INFO OCT-01 AF-10 ARA-06 EA-07 EUR-12 NEA-10 SIG-01
MMO-01 IO-13 L-03 FRB-03 OMB-01 ITC-01 SP-02
USIA-06 AGRE-00 AID-05 CIAE-00 COME-00 INR-07
LAB-04 NSAE-00 OIC-02 SIL-01 STR-04 TRSE-00
CEA-01 NSC-05 SS-15 XMB-02 OPIC-03 DODE-00 PA-01
PRS-01 INT-05 H-01 ISO-00 /142 R

DRAFTED BY EB/ICD:MPBOERNER:LMP
APPROVED BY EB:PBOEKER
E:CFRANK - COM:AJMACONE
ARA/ECP:BBURSON - TREAS:HGALE
AF/EPA:RDUNCAN - USDA:JHALLQUIST
EA/EP:AGEBER - IO/CMD:EBRUCE
NEA/RA:RPRICKETT- S/S:MR. REDDY
EUR/RPE:PMACLEAN
EB/ORF:SWBOSWORTH
EB/ICD:EAWENDT

-----230904Z 092824 /23

P 230003Z APR 77
FM SECSTATE WASHDC
TO ALL DIPLOMATIC POSTS PRIORITY

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E.O. 11652: N/A

TAGS: ETRD, EGEN

SUBJECT: GUIDANCE ON US POSITION ON COMMON FUND ISSUE

REF: (A) GENEVA 2515; (B) STATE 68014, ITEM 11 REPEATED
AS STATE 78873

1. THE FOLLOWING INFORMATION SUPPLEMENTS MATERIAL ALREADY
AVAILABLE IN TWO TELEGRAMS UNDER REFERENCE, THE FIRST OF
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WHICH PROVIDES FINAL DELEGATION WRAP-UP OF MONTH-LONG
UN-SPONSORED NEGOTIATING CONFERENCE ON A COMMON FUND WHICH
ENDED APRIL 2, AND SECOND OF WHICH CONTAINS CURRENT FOREIGN
RELATIONS ITEM ON SAME SUBJECT. THIS MESSAGE MAY BE USED
IN BACKGROUND DISCUSSIONS WITH HOST GOVERNMENTS AT POST'S
DISCRETION. POSTS SHOULD REPORT SUCH DISCUSSIONS.
2. THE INABILITY OF THE UN NEGOTIATING CONFERENCE ON A

COMMON FUND TO REACH AGREEMENT ON A RESOLUTION AFTER MONTH-LONG DEBATE DOES NOT IN OUR VIEW INDICATE BREAKDOWN OF NORTH/SOUTH DISCUSSION ON THIS ISSUE, BUT RATHER THAT TIMING OF NEGOTIATIONS WAS UNFAVORABLE AND ISSUES TOO COMPLEX TO RESOLVE IN ONE NEGOTIATING SESSION; THE US INTENDS TO PARTICIPATE IN ANY RESUMED NEGOTIATIONS LATER THIS YEAR AND IN ANY INTERSESSIONAL CONSULTATIONS IN A POSITIVE AND OPEN-MINDED SPIRIT.

3. CRITICAL ISSUE OVER WHICH MARCH NEGOTIATING CONFERENCE

FAILED TO AGREE WAS ON WHETHER PARTICIPATING COUNTRIES WERE PREPARED TO ENDORSE IN PRINCIPLE THE ESTABLISHMENT OF A COMMON FUND. IT WAS THE FORMAL POSITION OF THE G-77 (DEVELOPING COUNTRIES) BLOC AT THE CONFERENCE THAT SUCH AN ENDORSEMENT SHOULD BE MADE, AND FURTHER THAT THE CONCEPT OF A FUND TO BE ENDORSED SHOULD BE CLEARLY STATED AS CONFORMING TO THE FORMAL G-77 VERSION OF A FUND, I.E., ONE WHICH WAS THE PRIMARY OR SOLE SOURCE OF FINANCING FOR INDIVIDUAL BUFFER STOCKS AND WHICH CONSTITUTED THE CENTRAL ELEMENT IN THE INTEGRATED PROGRAM FOR COMMODITIES. U.S., CANADA, JAPAN, AUSTRALIA AND SEVERAL OTHER COUNTRIES WERE NOT PREPARED TO UNDERTAKE ANY COMMITMENT ON A FUND WITHOUT KNOWING CONSIDERABLY MORE ABOUT HOW A FUND WOULD OPERATE, INCLUDING ITS FINANCING AND RELATIONSHIP (WHICH WE THOUGHT SHOULD BE A SUBORDINATE ONE) TO INDIVIDUAL COMMODITY AGREEMENTS. WITHIN THE G-77 BLOC ITSELF THERE WAS A CONSIDERABLE DIVERSITY OF VIEWS ON HOW A COMMON FUND WOULD OPERATE (PARA 5, REF A), AND A NUMBER LIMITED OFFICIAL USE

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OF REPRESENTATIVES FROM DEVELOPING COUNTRIES--PARTICULARLY FROM THOSE WHICH HAVE A STRONG INTEREST IN INDIVIDUAL COMMODITY ARRANGEMENTS, EITHER EXISTING OR PROPOSED--TOLD US PRIVATELY THEY WERE NOT UNHAPPY THAT THE CONFERENCE DID NOT IN THE END ENDORSE THE FORMAL PROPOSAL OF THE G-77 FOR A FUND.

4. WE BELIEVE THE ISSUE OF ENDORSEMENT OF THE ESTABLISHMENT OF A COMMON FUND IN PRINCIPLE IS, IN ANY CASE, AN ARTIFICIAL ONE. AN ENDORSEMENT IN PRINCIPLE WITHOUT SOME CLEAR INDICATION OF THE STRUCTURE, FUNCTION AND ROLE OF SUCH A FUND WOULD BE OF LIMITED VALUE. THE NEGOTIATIONS CAN PROCEED WITHOUT SUCH PRIOR COMMITMENT IN PRINCIPLE. POLITICALLY IT IS NOT POSSIBLE FOR THE U.S. TO MAKE A COMMITMENT TO A FUND WITHOUT FULL CONSULTATION WITH THE CONGRESS ON THE MODE OF OPERATION, MEMBERSHIP AND FINANCIAL REQUIREMENTS OF SUCH A FUND. THESE ELEMENTS STILL HAVE TO BE WORKED OUT. THE US VIEW CONTINUES TO BE THAT WE HAVE NO A PRIORI OBJECTION TO THE IDEA OF A

COMMON FUNDING ARRANGEMENT, AND BELIEVE THAT A PROPERLY
CONSTRUCTED COMMON FUND COULD RESULT IN FINANCIAL
EFFICIENCIES AS COMPARED TO INDIVIDUAL COMMODITY FUNDS.
WE DO BELIEVE THAT FURTHER PROGRESS NEEDS TO BE MADE IN
INDIVIDUAL COMMODITY NEGOTIATIONS ON THE FEASIBILITY AND
FINANCIAL REQUIREMENTS FOR BUFFER STOCKS BEFORE A COMMON
FUNDING ARRANGEMENT IS IMPLEMENTED. AN ARRANGEMENT TO
WHICH WE AGREE SHOULD BE ACCEPTABLE TO A WIDE RANGE OF
COUNTRIES, BOTH DEVELOPED AND DEVELOPING, AND WOULD HAVE
TO RESPECT THE AUTONOMY AND DECISIONS OF INDIVIDUAL
COMMODITY ORGANIZATIONS.

VANCE

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Message Attributes

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Sent Date: 23-Apr-1977 12:00:00 am
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 22 May 2009
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